

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 92-026-C - ORDER NO. 92-430 ✓

JUNE 8, 1992

IN RE: Application of Peoples Telephone Company, )  
Inc. DBA PTC for a Certificate of Public ) ORDER  
Convenience and Necessity to Operate as ) GRANTING  
a Reseller of Intrastate Telecommunica- ) CERTIFICATE  
tions Services within the State of )  
South Carolina. )

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Peoples Telephone Company, Inc. DBA PTC (PTC or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. PTC's Application was filed pursuant to S.C. Code Ann. §58-9-280 (1976) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed the Company to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of the Company's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to

Intervene were filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and by Southern Bell Telephone & Telegraph Company (Southern Bell).

A hearing was commenced on May 14, 1992, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier, Chairman, presided. Leon Banks, Esquire, and Bruce Renard, Esquire, represented PTC. Carl F. McIntosh, Esquire, represented the Consumer Advocate. Caroline N. Watson, Esquire, represented Southern Bell; and Marsha A. Ward, General Counsel, represented the Commission Staff.

At the beginning of the hearing, Southern Bell announced that it had entered into a stipulation with PTC. The terms of said Stipulation are as follows:

- (1) Any grant of authority should clearly be for interLATA services only.
- (2) If any intraLATA calls are "inadvertently" completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C. The definition of such inadvertent completion is as contained in such Order.
- (3) All operator services should be only for interLATA calls and any "0+" or "0-" intraLATA calls should be handed off to the LEC.
- (4) Nothing in 1, 2, or 3 above shall prohibit Peoples Telephone Company, Inc. from offering any services authorized for resale by tariffs of facility based carriers approved by the Commission.
- (5) Applicant does not currently resell and currently has no future plans to resell such service described as "a virtual private network offering which utilizes the capacity and software technology of a switched network to enable customers to secure what are essentially private network services." Such service is currently offered by

AT&T as "Software Defined Network" or "DNS"; by M.C.I. as "V-Net, Prism, or Prism II"; and by U.S. Sprint as "Virtual Private Network."

After introducing the Stipulation into evidence as Hearing Exhibit 1, Southern Bell withdrew from further participation in the case.

#### FINDINGS OF FACT

1. PTC is a corporation incorporated in the State of New York. PTC is authorized to do business in South Carolina. PTC seeks a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange services, including operator services, on an interLATA basis within the State of South Carolina.

2. PTC presented the testimony of Steve Alexander, PTC's Director of Regulatory Affairs. Mr. Alexander testified that PTC's operator services will be provided to other competitive pay telephone providers, aggregator locations such as hotels and motels and the Company's own approximately 400 payphones currently operating in the State. The Company's services will not be offered to residential or business customers or on a presubscribed basis at this time.

3. Mr. Alexander supported the Company's technical experience, capability and financial resources to provide the services as described.

4. PTC and Southern Bell have entered into a Stipulation which, inter alia, limits the provision of PTC's service to an interLATA basis and specifies that PTC does not currently resell what has described, supra, as "virtual private network offerings."

5. PTC closely monitors and will fully comply with the rules

and regulations of the Commission and the Telephone Operator Consumer Services Improvement Act (TOCSIA) for all applicable standards, including branding, posting, information availability, non-"splashing" and the like.

6. PTC services will be available 24 hours a day, seven days a week. The intrastate interexchange services PTC plans to provide will utilize operator functions, which include operator assistance, completion of calling card, credit card, collect, third number billed and person-to-person calls, on either a live or automated operator basis. PTC services will be billed to users by local exchange companies, credit card issuers, or other entities authorized by applicant or its agent.

#### CONCLUSIONS OF LAW

1. The Commission concludes that PTC has the experience, capability, and financial resources to provide the service described in its Application and by Mr. Alexander's testimony.

2. The Commission concludes that South Carolina telephone users and the State itself will benefit by the services intended to be provided by PTC. Accordingly, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to PTC to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs approved by the Commission.

3. Should PTC accidentally or incidentally complete any

unauthorized intrastate intraLATA calls, the Company will be required to compensate the local exchange companies for the unauthorized calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

4. The Commission adopts a rate design for PTC for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts PTC's proposed maximum rate tariffs.

5. PTC shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. PTC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of PTC's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1991).

6. PTC shall file its tariff and an accompanying price list in a loose leaf binder to reflect the Commission's findings within thirty (30) days of the date of this Order.

7. PTC is subject to access charges pursuant to Commission

Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to PTC's resale of services, an end user should be able to access another interexchange carrier or operator service provider if they so desire.

9. PTC shall resell the services of only those interexchange carriers or LEC's authorized to do business in South Carolina by this Commission. If PTC changes underlying carriers, it shall notify the Commission in writing.

10. PTC should be allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and customer-owned pay telephones only if said property owners have not added said surcharge already. That is, the Company may not add an additional surcharge to calls originating at hotels and motels and customer-owned pay telephones if such a surcharge has already been added by the property owners. If such charge is applied however, it should be paid in its entirety to the customer by PTC.

11. That PTC should be required to provide "tent" cards to hotels and motels for placement next to guest telephones identifying it as a provider of operator service for intrastate interLATA distance calls, and similar stickers for pay phones, and that PTC operators should be required to brand all calls identifying PTC as the carrier for such call.

12. PTC shall file surveillance reports on a calendar or

DOCKET NO. 92-026-C - ORDER NO. 92-430  
JUNE 8, 1992  
PAGE 7

---

fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
VICE Chairman

ATTEST:

  
Executive Director

(SEAL)

DOCKET NO. 92-026-C - ORDER NO. 92-430  
JUNE 8, 1992  
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12 MONTHS  
ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN  
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF  
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING  
\_\_\_\_\_.

\*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION  
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL  
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3  
ABOVE).